



LFC Requester: Liu

**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2025 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 02/05 /25

Bill No: SB245

Agency Name and Code: PED - 924

Sponsor: Maestas

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Short Title: CHARTER SCHOOLS AS
BOARDS OF FINACE

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SECTION II: FISCAL IMPACT

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None	N/A	NFA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
None	None	None	N/A	NFA

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None	None	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: Senate bill 245 (SB245) would amend [Section 22-8-38 NMSA 1978](#) to mandate that governing bodies of locally chartered charter schools obtain board of finance status by July 1, 2026. Current charter school applicants, schools in the planning stage, and those seeking renewal must qualify as boards of finance before finalizing their charter contracts or renewing their charters.

SB245 also proposes to amend [Section 12-6-4 NMSA 1978](#) to require that each charter school conduct a separate audit from its chartering authority and allows the charter school to select its own auditor, which may be different from its authorizer's auditor.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them, unless a later date is specified. If enacted, this bill would become effective June 20, 2025.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

SIGNIFICANT ISSUES

SB245 would provide locally chartered charter schools increased fiscal autonomy by allowing them to manage their own finances as independent boards, granting them more flexibility in budgeting and resource allocation to address local needs.

Locally chartered charter schools, authorized by traditional school districts, function within the requirements established by their respective districts and receive funding through them. Their financial oversight is managed by the district's finance office and governed by district financial policies. Locally chartered charter schools are considered part of their authorizing school district, with student enrollment figures included in the district's federal funding applications to the state. While districts are expected to distribute a proportionate share of funding to each charter school, the allocation formula and distribution process are primarily determined by the district LEA. Consequently, local charter schools have less financial authority and fewer direct financial responsibilities, as their authorizing districts function as their boards of finance, overseeing budgetary decisions and fiscal management on their behalf.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

Provisions of SB245 may require locally chartered charter schools to allocate resources to establish and maintain their own boards of finance, including hiring or training personnel to manage financial records. They would also be responsible for coordinating and funding their independent audits, which could increase administrative workloads and expenses.

SB245 would require the Public Education Department (PED) to amend certain department rules related to charter schools and boards of finance, including:

- Rule 6.80.4 NMAC, Charter School Application and Appeal Requirements, which contain provisions relative to the qualification and actions of charter school governing bodies as boards of finance. Currently, those considerations are limited to state-chartered charter schools; those portions of the rule would need expansion to include locally chartered charter schools.
- Rule 6.21.2 NMAC, Audit Resolution Process, Application Hearing Process, Enforcement Process, to include charter schools in those entities which may be suspended from acting as a board of finance for impropriety, under Section 22-8-39 NMSA 1978.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

SB245 proposes to amend Section 22-8-38 NMSA 1978, Boards of Finance: Designation, to include the governing boards of locally chartered charter schools as a public education entity in New Mexico that must qualify and act as its own board of finance, together with local school boards and state-chartered charter schools. The bill fails, however, to update the companion provision, Section 22-8-39 NMSA 1978, Boards of Finance: Suspension. That section permits PED to suspend and take over operations of local school boards and governing bodies of state-chartered charter schools relative to their duties as boards of finance for impropriety or mismanagement. To leave Section 22-8-39 NMSA 1978 unamended in this way would give locally chartered charter schools similar responsibilities and authority as their district and state-chartered counterparts, but not the same accountability, treating the three sorts of local public educational authorities equitably. The sponsor may wish to consider amending the bill to include appropriate and corresponding changes to Section 22-8-39 NMSA 1978.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

The sponsor may wish to consider amending the bill to address the inclusion of locally chartered

charter schools in the board of finance suspension provisions of Section 22-8-39 NMSA 1978.